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SERVICE DATE - AUGUST 22, 1997

SURFACE TRANSPORTATION BOARD

DECISION

STB Finance Docket No. 33431

COACH USA, INC. AND K-T CONTACT SERVICES, INC.--CONTROL AND MERGER  
EXEMPTION--GRAY LINE TOURS OF SOUTHERN NEVADA

AGENCY: Surface Transportation Board.

ACTION: Notice of Filing of Petition for Exemption.

SUMMARY: Coach USA, Inc. (Coach), a noncarrier that controls 27 motor passenger carriers, and K-T Contract Services, Inc. (K-T), a motor carrier of passengers wholly owned by Coach, seek to be exempted, under 49 U.S.C. 13541, from the prior approval requirements of 49 U.S.C. 14303, to acquire control of Gray Line Tours of Southern Nevada (Gray Line) and to merge Gray Line into K-T.

DATES: Comments must be filed by October 6, 1997. Petitioners may file a reply by October 21, 1997.

ADDRESSES: Send an original and 10 copies of comments referring to STB Finance Docket No. 33431 to: Surface Transportation Board, Office of the Secretary, Case Control Unit, 1925 K Street, N.W., Washington DC 20423-0001. In addition, send one copy of comments to Petitioners' representatives: Betty Jo Christian and David H. Coburn, Steptoe & Johnson LLP, 1330 Connecticut Avenue, N.W., Washington, DC 20036.

FOR FURTHER INFORMATION CONTACT: Joseph H. Dettmar, (202) 565-1600. [TDD for the hearing impaired: (202) 565-1695.]

SUPPLEMENTARY INFORMATION: Coach, a noncarrier, and its wholly owned subsidiary K-T, a motor carrier of passengers (MC 218583), seek an exemption to acquire control of Gray Line (MC-127564), a Nevada-based motor carrier that operates in interstate and intrastate commerce, and to merge Gray Line into K-T.<sup>1</sup>

By virtue of exemptions issued to it in STB Finance Docket Nos. 32876 (Sub-No. 1), 33073, 33343, and 33377,<sup>2</sup> Coach currently controls 27 motor carriers of passengers, including co-

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<sup>1</sup> The stock of Gray Line has been placed in an independent voting trust to avoid any unlawful control pending disposition of this proceeding.

<sup>2</sup> See Notre Capital Ventures II, LLC and Coach USA, Inc.--Control Exemption--Arrow Stage Lines, Inc.; Cape Transit Corp.; Community Coach, Inc.; Community Transit Lines, Inc.; Grosvenor Bus Lines, Inc.; H.A.M.L. Corp.; Leisure Time Tours; Suburban Management Corp.; Suburban Trails, Inc.; and Suburban Transit Corp., STB Finance Docket No. 32876 (Sub-No. 1) (STB served May 3, 1996); Coach USA, Inc.--Control Exemption--American Sightseeing Tours, Inc.; California Charters, Inc.; Texas Bus Lines, Inc.; Gulf Coast Transportation, Inc.; and K-T Contract Services, Inc., STB Finance Docket No. 33073 (STB served Nov. 8, 1996); Coach USA, Inc.--Control Exemption--Progressive Transportation, Inc.; Powder River Transportation Services, Inc.; Worthen Van Service, Inc.; and PCSTC, Inc., STB Finance Docket No. 33343 (STB served May 15, 1997); and Coach USA, Inc.--Control Exemption--Airport Bus of Bakersfield; Antelope Valley Bus, Inc.; Desert Stage Lines, Inc.; Bayou City Coaches, Inc.; Kerrville Bus Company, Inc.; Red & Tan Charter, Inc.; Red & Tan Tours; and Rockland Coaches, Inc., STB Finance Docket No. 33377 (STB served May 15, 1997).

petitioner K-T.<sup>3</sup> Coach and K-T state that their acquisition of control of Gray Line through the acquisition of Gray Line's stock by K-T will not inhibit competition or reduce transportation options available to the public.

Petitioners also claim that the acquisition of control of Gray Line will allow that carrier to offer improved service at lower costs made possible by the coordination of functions, centralized management, financial support, rationalization of resources, and economies of scale that are anticipated from the common control. Coach also states that all collective bargaining agreements will be honored, that employee benefits will improve, and that no change in management personnel is planned. Coach and K-T submit that a merger of K-T and Gray Line would result in the more efficient use of transportation resources and improved service to the public.

Additional information may be obtained from Petitioners' representatives.

A copy of this notice will be served on the Department of Justice, Antitrust Division, 10th Street & Pennsylvania Avenue, N.W., Washington, DC 20530.

Decided: August 18, 1997.

By the Board, Chairman Morgan, and Vice Chairman Owen.

Vernon A. Williams  
Secretary

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<sup>3</sup> They include: Airport Bus of Bakersfield (MC-163191), American Sightseeing Tours, Inc., d/b/a ASTI (MC-252353), Antelope Valley Bus, Inc. (MC-125057), Arrow Stage Lines, Inc. (MC-29592), Bayou City Coaches, Inc. (MC-245246), California Charters, Inc. (MC-241211), Cape Transit Corp. (MC-161678), Community Coach, Inc. (MC-76022), Community Transit Lines, Inc. (MC-145548), Desert Stage Lines, Inc. (MC-140919), Grosvenor Bus Lines, Inc. (MC-157317), Gulf Coast Transportation, Inc., d/b/a Gray Line Tours of Houston (MC-201397), H.A.M.L. Corp. (MC-194792), K-T Contract Services, Inc. (MC-218583), Kerrville Bus Company, Inc. (MC-27530), Leisure Time Tours (Leisure Time) (MC-142011), PCSTC, Inc., d/b/a Pacific Coast Sightseeing/Gray Line of Anaheim-Los Angeles (MC-184852), Powder River Transportation Services, Inc. (MC-161531), Progressive Transportation Services, Inc. (MC-247074), Red & Tan Charter, Inc. (MC-204842), Red & Tan Tours, Inc. (MC-162174), Rockland Coaches, Inc. (MC-29890), Suburban Management Corp. (MC-264527), Suburban Trails, Inc. (MC-149081), Suburban Transit Corp. (MC-115116), Texas Bus Lines, Inc. (MC-37640), and Worthen Van Service, Inc. (MC-142573).

In Coach USA, Inc.--Control Exemption--American Charters, Ltd., STB Finance Docket No. 33393, Coach seeks an exemption to acquire control over American Charters, Ltd. (MC-153814). The Board served and published a notice in the Federal Register (62 FR 28531) on May 23, 1997, instituting an exemption proceeding. Comments were due by June 23, 1997; none was filed. A final decision is currently pending with the Board.

In Coach USA, Inc., and Leisure Time Tours--Control and Merger Exemption--Van Nortwick Bros., Inc., The Arrow Line, Inc., and Trentway-Wagar, Inc., STB Finance Docket No. 33428, Coach and Leisure Time seek an exemption to acquire control of Van Nortwick Bros. and merge Van Nortwick into Leisure Time, which will remain as the surviving entity. Coach also seeks an exemption to acquire control of two additional motor passenger carriers, The Arrow Line, Inc., and Trentway-Wagar, Inc.